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APPROVAL OF THE TERMS OF REFERENCE OF THE AD HOC WORKING GROUP TO EXPLORE THE ISSUE OF STRUCTURAL ADJUSTMENT FOR THE TRANSITION TO DISARMAMENT

Compendium of comments submitted by member States on draft terms of reference for the Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament

INTRODUCTION

1. As a result of deliberations under agenda item 7 of the second part of the thirty-ninth session of the Trade and Development Board, it was agreed, inter alia, to request the Secretary-General of UNCTAD to prepare a compendium of comments by member States on the draft terms of reference for the Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament with a view to facilitating the discussion of this issue at the informal consultations which would precede the first part of the fortieth session of the Trade and Development Board.

2. This document responds to the Board's request and contains the comments received so far by the secretariat of UNCTAD from the following member States: Brazil, China and Denmark on behalf of the European Community and its member States, and Japan. The secretariat intends to issue an addendum to this document if and when further comments are received.

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I. COMMENTS BY BRAZIL

It is the view of the Brazilian Government that section III of the report on the UNCTAD role in the area in question[1] correctly builds upon the experience developed by the United Nations system. Nevertheless, in doing so, the outlined scope for UNCTAD action seems to be excessively contoured on the question of conversion of military industries to civilian production and other national policies necessary to cope with massive disarmament efforts. Seen from this angle, the question of structural adjustment for disarmament, although of direct interest to some countries, would be of little interest to developing countries like Brazil which already spend very small shares of their national product or of Government Budget in military activities and are not going through any important conversion programmes.

On the other hand, it would be of interest to all countries, particularly developing ones, to undertake an analysis of the consequences for the international economy and international economic cooperation of the structural adjustment for the transition to disarmament, including the possibility of new perspectives for development financing.

II. DRAFT TERMS OF REFERENCE AS AMENDED BY CHINA[2]

Pursuant to General Assembly resolution 1995(XIX), as amended, to A New Partnership for Development: the Cartagena Commitment adopted at the eighth session of the United Nations Conference on Trade and Development, and to Trade and Development Board decision 399(XXXIX), the following terms of reference are suggested for the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament:

1. To examine issues, developments and policies in the field of structural adjustment for the transition to disarmament, and their implications for economic growth and development and trade-and-development-related aspects of conversion of military capacities to civilian uses. In this context, the Ad Hoc Working Group shall:

(a) analyse, while taking into account the diversity of country situations, short- and long-term objectives, as well as costs and benefits of structural adjustment for the transition to disarmament, including conversion of military capacities and technologies to civilian uses, in order to promote greater efficiency in economic activities through a more effective allocation of resources;

(b) consider factors pertinent to the design and implementation of national programmes for structural adjustment for the transition to disarmament and conversion, including the role of the private sector and the role of the State, in particular in determining the framework for conversion and the scale and pace of the process, as well as the relationship between conversion and other economic and social adjustment programmes such as poverty alleviation, enterprise development, privatization, etc;

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[1] "Report on the activities of the United Nations system in the area of structural adjustment for the transition to disarmament" (TD/B/39(2)/20).

[2] This text reproduces document TD/B/39(2)/Misc.1 with the deletion of the original paragraph 1(b) and with some changes to the preamble of paragraph 1 and to paragraph 2.

(c) identify international support measures aimed at supporting developing countries and countries in transition in their national efforts to implement structural adjustment for the transition to disarmament and the conversion of military capacities to civilian uses.

2. To elaborate, as possible advice for policy-makers, basic trade and development elements for consideration in formulating plans and programmes for structural adjustment for the transition to disarmament and conversion.

3. To serve as a forum for the presentation of trade-and-development-related parts of national programmes for structural adjustment for the transition to disarmament and conversion, as well as for the exchange and dissemination of relevant information. In that connection the Ad Hoc Working Group should seek from interested countries the presentation of information on their national experiences and draw on the experience and expertise of non-governmental actors, particularly military and civilian enterprises, trade unions, the academic community and non-governmental organizations and international institutions.

4. The work of the Working Group should follow a progressive sequence in accordance with paragraphs 49 to 60 of the Cartagena Commitment. In line with what is set out in the Cartagena Commitment, particularly paragraphs 18 and 47, the Working Group should be inspired by the need to promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of member States, particularly those of developing countries.

5. The Working Group should identify for consideration areas in which technical cooperation should be strengthened.

6. The work of the Working Group should be coordinated with that of other Committees and Working Groups.

7. The work of the Working Group should complement that of other international bodies while seeking to ensure that no duplication occurs.

8. The Working Group may recommend for the consideration of the Board the establishment of expert groups.

9. The Working Group shall, in principle, complete its work within two years. It may submit interim reports and shall submit a final report on the results of its work to the Trade and Development Board.

10. The frequency of sessions of the Working Group is to be decided by the Board in accordance with the existing procedures concerning the calendar of meetings. The duration of the sessions should be of five days or less.

III. COMMENTS BY DENMARK ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES

The European Community and its member States consider the draft terms of reference in TD/B/39(2)/Misc.1 to be a good basis for further deliberations on the establishment of the terms of reference for the Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament. The draft terms of reference would nevertheless need to be further discussed among the member States of UNCTAD.

At present the European Community and its member States are pleased to provide for the consideration of other member States of UNCTAD their initial remarks on the draft, which should, inter alia, be amended to take the following into account:

(a) The Ad Hoc Working Group should both identify and examine the issues mentioned in paragraph 1 of the draft terms of reference, while seeking to make its approach as action-oriented as possible by leaving aside general considerations on developments and policies and by focusing on the implications for economic growth, trade and development of the reduction of military expenditures and of related aspects of conversion of military capacities to civilian use;

(b) The Ad Hoc Working Group should consider the social and environmental aspects of transition to disarmament, as well as issues pertaining to decreasing military personnel, in its review of experiences of countries undergoing such transition;

(c) Paragraphs 4 to 10 should be brought into line with the language of the corresponding paragraphs of the terms of reference of existing Ad Hoc Working Groups.

The European Community will in the course of consultations and at the first part of the fortieth session of the Trade and Development Board participate constructively in further exchanges of views and contribute with additional comments on the proposed terms of reference for the Ad Hoc Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament.

IV. COMMENTS BY JAPAN ON THE DRAFT TERMS OF REFERENCE TD/B/39(2)/MISC.1

1. Basic consideration

(a) The Ad Hoc Working Group should be a forum to stimulate consensus-building on policies and measures regarding structural adjustment for the transition to disarmament. Particular attention should be paid to securing growing recognition of the legitimacy of reducing military spending and arms trade.

(b) The Ad Hoc Working Group should draw on relevant activities of other organizations, including those of non-governmental actors.

(c) In view of the limited resources and time-frame available, the Ad Hoc Working Group should have well-defined and focused terms of reference.

2. Suggestions for amendment

(a) Preambular paragraph ("Pursuant to General Assembly ... ...:"): include specific reference to paragraphs 98

and 99 of the Cartagena Commitment in view of particular importance and relevance of these two paragraphs.

(b) Paragraph 1: delete the "chapeau" and renumber (a)-(d) as 1-4 in line with 1 (c) above; (consequently, subsequent paragraphs 2-10 are to be renumbered as 5-13).

(c) Paragraph 1(a): insert "Drawing on relevant work of other organizations" at the beginning in line with 1 (b) above.